

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

JOANN INC., *et al.*,

Debtors.

Chapter 11

Case No. 25-10068 (CTG)

Jointly Administered

Hearing Date: To be Determined

Objection Deadline: August 13, 2025 at 4:00 p.m. (ET)

**MOTION OF WOODMONT COMPANY, INC., AS RECEIVER FOR MOBILE
FESTIVAL ACQUISITION, LLC FOR ALLOWANCE AND PAYMENT OF
ADMINISTRATIVE EXPENSE CLAIM PURSUANT TO 11 U.S.C. § 503(B)(1)**

Woodmont Company, Inc., as Receiver for Mobile Festival Acquisition, LLC (“Woodmont”), by and through its undersigned counsel, hereby moves for entry of an order, substantially in the form attached hereto, granting the allowance and requiring immediate payment of Woodmont’s post- petition claim in the amount of \$48,475.62 arising from a certain lease agreement, as amended (the “Lease”) between Jo-Ann Stores, Inc. (“Jo-Ann Stores” or the “Debtor”) and Mobile Festival Acquisition, LLC (the “Landlord”) pursuant to 11 U.S.C. 503(b)(1)(A), and in support hereof respectfully represents as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: JOANN Inc. (5540); Needle Holdings LLC (3814); Jo-Ann Stores, LLC (0629); Creative Tech Solutions LLC (6734); Creativebug, LLC (3208); WeaveUp, Inc. (5633); JAS Aviation, LLC (9570); joann.com, LLC (1594); JOANN Ditto Holdings Inc. (9652); Dittopatterns LLC (0452); JOANN Holdings 1, LLC (9030); JOANN Holdings 2, LLC (6408); and Jo-Ann Stores Support Center, Inc. (5027). The Debtors' mailing address is 5555 Darrow Road, Hudson, Ohio 44236.

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. Venue of the Debtor's case in this district is proper pursuant to 28 U.S.C. § 1408.

2. This matter is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (B) and (O). This Court has the constitutional authority to enter a final order in this matter. If it is determined that the bankruptcy judge does not have constitutional authority to enter a final order or a judgment in this matter, Woodmont consents to entry of a final order or judgment.

3. Relief is requested herein pursuant to 11 U.S.C. § 503(b)(1)(A).

BACKGROUND

4. On December 27, 2012, Landlord and Jo-Ann Stores entered into the Lease, under the terms of which Landlord leased nonresidential, commercial property in the shopping center known as Mobile Festival Center located in Mobile, Alabama. A true and correct copy of the Lease and all amendments is attached hereto as Exhibit "A".

5. On April 12, 2023, Jo-Ann Stores, Inc. gave official notification exercising an option provided by the Lease dated December 27, 2012, with all amendments thereto, extending the then present term expiring on January 31, 2024, until January 31, 2029.

6. On July 15, 2024, the Circuit Court of Mobile, Alabama, in a case styled RSS WFRBS2013-C14 – AL MFA, LLC, Plaintiff v. Mobile Festival Acquisition LLC, Defendant, Case No. 02-CV-2024-901728.00 entered an order appointing Woodmont Company, Inc. as receiver for Landlord.

7. On January 15, 2025, (the "Petition Date"), the Debtor and its affiliates filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

8. The Debtor conducted going out of business sales from many of their retail

locations, including the location leased from Landlord, winding down its operations overall and going through a Court approved process for rejecting leases.

9. Subsequent to the Petition Date, the Debtor made payments for April and May of 2025, but no payment was received for February or March of 2025. Partial rental payments were made in March, April, and May. No payment was made in February. A lease ledger as of July 15, 2025, is attached hereto as Exhibit B showing the history of charges, payments made, and the balance. As shown on Exhibit B, \$48,475.62 remains due and owing to Woodmont for post-petition rent through May 31, 2025.

RELIEF REQUESTED

10. Woodmont respectfully requests an order allowing it an administrative expense claim in the amount of \$48,475.62, representing unpaid postpetition rent due and owing under the Lease with Debtor.

BASIS FOR RELIEF REQUESTED

11. Section 503(b)(1)(A) of the Bankruptcy Code provides, “After notice and a hearing, there shall be allowed administrative expenses, other than claims allowed under section 502(f) of this title, including – (1)(A) the actual, necessary costs and expenses of preserving the estate[.]” 11 U.S.C. § 503(b)(1)(A). Section 507(a) of the Bankruptcy Code grants priority to administrative expense claims that are allowed under Section 503(b) of the Bankruptcy Code. 11 U.S.C. § 507(a)(2).

12. “When third parties are induced to supply goods or services to the debtor-in-possession ... the purposes of [Section 503] plainly require that their claims be afforded priority.” *In re Goody's Family Clothing, Inc.*, 610 F.3d 812, 818 (3rd Cir. 2010).

13. In the present case, the Debtors have failed to pay postpetition rent due under the Lease in the amount of \$48,475.62 as set forth in greater detail on Exhibit B hereto.

14. A landlord is entitled to the value of the premises utilized by a Debtor. *Id.* (citing *In re DVI, Inc.*, 308 B.R. 703, 707-8 (Bankr. D. Del. 2004)). Absent evidence to the contrary, the lease rate is presumed to be the fair market value of the premises. *See In Re. ZB Co., Inc.*, 302 B.R. 316, 319 (Bankr. D. Del 2003) (citing *HQ Global Holdings*, 282 B.R.169, 173 (Bankr. D. Del. 2002)).

15. Here, the Debtor benefited from the use of Landlord's property under the Lease through post-petition operations and through utilizing the premises to conduct its going out of business sale. Accordingly, Woodmont is entitled to allowance and payment of its post-petition claim in the amount of \$48,475.62.

CONCLUSION

WHEREFORE, Woodmont respectfully requests that this Court grant this application for allowance and order payment of administrative expense claim in the amount of \$48,475.62.

Dated: July 31, 2025

/s/ Michael J. Joyce
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